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## GROUP INSURANCE

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Progress in the domain of life insurance has been regular and constant. Each year has witnessed the bringing forth of new policy forms, granting greater and greater privileges to the insured. At the same time, greater efficiency and economy in the home offices and the field have resulted in increased earnings and greater savings which have been immediately reflected in premium refunds to policyholders, so that the net outlay of the individual insurer for a fixed unit of life insurance has steadily grown smaller. While the general progress of the life insurance companies has been little short of marvelous, heretofore it has been exclusively in this one direction. All of the companies maintained agency forces of skilled and experienced men, whose business it was to seek new and additional business, but they had nothing to offer that could make a direct appeal to a large percentage of the people. The great masses of small wage-earners were only rarely patrons of the standard life insurance companies. Life insurance was expensive, from their standpoint, and its benefits seemed to be limited to those who were able to pay the price. Many were unable to secure insurance because of inability to meet the required standard of the medical examination. The families of the great majority of wage-earners were to a great degree without the protection of life insurance, except possibly to the extent of small industrial policies, which with their small weekly premiums and relatively high cost, rarely amounted to much more than a funeral benefit. Real life insurance protection for those of very small means was apparently beyond reach.

### AN IMPORTANT ADVANCE IN INSURANCE PRACTICE

Group insurance, which is practically life insurance at wholesale, has remedied this state of affairs. Its introduction marked the greatest advance in the life insurance institution, since its establishment. It placed life insurance within the grasp of those whose

need for it, if not greatest, was very great, and who hitherto had been unable to enjoy its benefits. It reached all classes, from the highest to the lowest. It provided for those usually considered beyond the insurable age, and for those of the impaired class. It included the heedless and the indifferent, not a large class, fortunately, reaching them for the first time and protecting their dependents.

Group insurance is essentially an employer-employee mutual benefit proposition. It is a plan under which all employees of one employer may have their lives insured for substantial, but not large amounts. A medical examination is not required where the group includes more than one hundred individual lives. On smaller groups, a medical examination is required but the examination is not nearly as rigid as in the case of individual applicants. Groups, to be acceptable, must measure up to certain life insurance standards. There must be nothing in the nature of the employment that is dangerous or likely to be injurious to health. If employed within doors, as in the case of a clerical or factory group, the group must not be exposed to any undue fire or catastrophe hazard, and must be housed in sanitary surroundings. Drinking water, not exposed to contamination, must be available. The group, considered as a whole, must be composed of a desirable class of risks. It may include individuals who are not of themselves good risks, because of age, physical condition, occupation, or other reasons, provision having been made for the inclusion of what usually proves to be a small percentage of uninsurable and sub-standard risks, which balanced against a high percentage of standard risks results in a safely insurable risk.

The group plan contemplates that the entire cost of carrying the insurance, which is very low, shall be borne by the employer. Partly for this reason, and partly for others that will be described later the group policy ceases to operate as to the individual upon the termination of his relations with his employer, whether voluntarily or otherwise, and his insurance therefore terminates. The group policy may, at the option of the employer, contain a provision to the effect that such an employee shall have the right to apply directly to the life insurance company, within thirty-one days after the termination of his insurance under the group, for a policy on any standard form issued to individuals, and for an amount not greater than that for which he was formerly insured, and obtain it

without medical examination, upon paying the premium rate at his attained age. At first glance, this may seem to be a valuable privilege to extend to the individual, but it grants nothing that is not available to the general public, with the exception that it avoids the usual requirement of the medical examination. Since those insured under group policies are to a great extent unable to pay standard rates, this provision would be of no value in the great majority of cases. Including it in the group policy gives no real advantage, and omitting it brings about no hardship.

Group insurance is in no way intended to take the place of other forms of life insurance that are or may be carried. On the contrary it frequently is the means of bringing about additional individual business to the companies, having had the effect of arousing thought on the subject, perhaps for the first time. In many cases, the group insurance will be the family's only protection. In others, it will be but a valuable addition to policies already carried. Investigation has shown that nearly all beneficiaries under group policies have been otherwise unprovided for, and in but comparatively few instances has there been other insurance.

#### THE UNIT FOR GROUP INSURANCE

The most satisfactory unit for group insurance has been found to be the year's salary with a maximum of \$3,000 to any individual. This is a natural and not an arbitrary selection. It takes automatic account of all changes in the pay roll in the way of increases or decreases, and there is no discrimination between individuals other than that which already naturally exists. All employees are insured according to a standard already in existence which is familiar to them. Under this arrangement piece and time workers are included for an amount that may be assumed to be about that which they will earn during the ensuing year, or for the amount actually earned during the preceding year. As it may be arranged to have the death benefit paid to a beneficiary in twelve equal monthly instalments, the effect is to continue the beneficiary on the same income basis on which she has already been established. An employer once criticised this arrangement because it had the effect of placing a new employe on the same insurance basis as an old one where both received the same salary, but it was pointed out to him that this is really not an objection at all. The salary received by an employe

is based not only on the quality and character of his service, but upon length of service as well. When a new employe is engaged at the same salary as that paid to an old employe, it is a fair assumption that the new employe is a more valuable one.

A group policy may be issued for a fixed unit such as \$500 or \$1,000 to each individual. Such an arbitrary selection places all employes on an equal footing, and is in a sense discriminatory. Where the unit is as small as \$500, there is frequently a provision for an increase of \$100 for each year of service until a fixed maximum has been reached. Past service may or may not be taken into account.

Employers generally seem to be agreed that when group insurance is first adopted every employe on the pay roll should be included. New employes usually are not included until after a short term of service, which may run variously from three months up to a year, according to conditions. This arrangement excludes the transient and casual worker, and is looked upon as a reward to the persistent.

### MEETING THE COST

It has been stated that the cost of group insurance is extremely low. Before the exact rate for a specific group can be quoted, certain factors must be known. Group insurance, as in the case of individual insurance, is based upon ages and amounts. To secure an exact rate, the employer must furnish a list of employes, with the date of birth of each, and the amount of insurance each is to have. For preliminary purposes, and before the foregoing information is available, the rate is usually quoted as one dollar per month for each thousand dollars of insurance. On a percentage basis, this would amount to a premium of one and two-tenths per cent on the total amount of insurance. An employer granting five hundred dollars insurance to each of his employes would be incurring an outlay of fifty cents monthly on each individual. Where the pay roll is to be used as the basis of calculation, and the unit is to be the year's salary, as the limit is usually fixed at three thousand dollars on any individual, the prospective cost would be determined in the following manner. From the total of the annual pay roll would be deducted the excess of all salaries above three thousand dollars. From the remainder, which would be the total amount at risk, the

percentage at the rate of one and two-tenths would be calculated, and this would give the rate for the entire year. Divided by twelve this would give the monthly rate. The foregoing figures may reasonably be regarded as the maximum. The actual outlay is seldom so large. Often it is very much less.

In a canvass for group insurance, the employer invariably inquires why he should be expected to pay for the insurance. He recognizes it at once as being a splendid proposition for the employe, but he does not see what he is to realize from it. Before this question can be answered, it is necessary to consider the existence of certain tendencies, in the industrial world which group insurance is designed to counteract.

The arrival of very large corporations and combinations of corporations, with the consequent introduction of efficiency methods, completely revolutionized nearly every department of business. The individual worker ceased to come into direct contact with his employer, with whom it was not possible for him to have any acquaintance. The intimacy existing formerly in smaller concerns, could no longer exist, and personal relations were at an end. This opened the way to misunderstandings and disagreements. The worker began to measure the value of his job by the only standard that existed, the pay envelope. Naturally enough, the employer's hold on him grew to be very slight. The work to be performed was often purely mechanical, and without especial interest, and there was no particular reason why, so long as he was obliged to work, he should be with one concern rather than another. Finding other employment nearer his home, or offered slightly higher pay elsewhere, he accepted it. A row with a foreman frequently brought about the termination of his services; often the cause was mere restlessness. Whatever the causes, large concerns employing many workers found themselves obliged to maintain expensive employment departments, not for the purpose of engaging additional hands, but often for the sole purpose of replacing departing employes with whom no fault had been found, and who might easily have been retained, and whom it would have been extremely desirable to retain.

#### THE LOSS IN LABOR TURN-OVER

This has been the common experience of all classes of employers, but until recently it has been regarded as a necessary evil, about

which there was nothing to be done. It simply had to be endured. With the ever increasing cost of labor and materials, the problem reached overwhelming proportions, and it was admitted that something had to be done. It was discovered that every departing employe caused a distinct and heavy loss. New hands required instruction, and while earning very little or nothing themselves, were taking up the valuable time of their instructors. Machines as a result were idle, or partially so. Material was wasted, seconds were produced, the output was appreciably curtailed. Efficiency and economy required that the industrial forces be converted into permanent fixtures of the institution, but the question was, how could it be brought about? In the effort to accomplish this result industrial welfare work had its beginning.

Wages are fixed to a great degree by the market for labor, and by what others in the same line are paying. So long as he may receive the same rate of wage from any employer who desires his services, there is no controlling reason why a worker should connect himself with one concern rather than another. Where the wage is the only concern, the spectacle of the highest possible pay being demanded for the smallest possible amount of labor, is not unfamiliar. The employer discovered that his first step must be to create a bond of sympathy between himself and his employe, that would result in benefit to both. To ascertain the means of bringing this about was a great problem, but it has been solved, as a result of many experiments. There may now be said to be a complete program of welfare work, which when properly applied, has begun to accomplish its intended purpose.

### WELFARE WORK

Welfare work is supposed in many quarters to apply exclusively to charitable enterprises. In the sense in which it is here employed, it is in no way allied to anything of a charitable nature. In the industrial and business world, welfare work concerns itself among other things, with benefiting the wage earner and his dependents through the total or partial elimination of certain hazards, to which all persons who depend on their earnings for their livelihoods, are unavoidably exposed. These hazards, enumerated in the order of their importance, are lack of employment, loss of income to dependents through death, loss of income through dis-

ability, and dependent old age. The welfare program naturally has nothing to offer against lack of employment. It begins with the man who has a job.

The man with a job, any kind of a job, is well off, compared with the man who has no job at all. Next to the job, the amount of the wage is important. An employer who does not pay a fair wage to his employes, need expect no return from welfare work, and any money expended in that direction will be wasted. Following the size of the wage in importance is some provision for its continuance to dependents when death has taken the wage earner. Here the loss is total and complete. Group insurance will provide the necessary indemnity. The succeeding provisions should be for indemnity for disability, for time lost through accident or ill health, which, at its worst is but a temporary and partial loss, involving perhaps, privation and discomfort, but not a complete loss, for the worker is alive, and is still an asset to his family. Dependent old age is provided for through pension funds, now being generally established.

That workers and their families place a valuation on group insurance that is herein claimed for it is no longer open to argument. It has been amply demonstrated by experience. It brings relief to the employe, relieving his mind of care for the future of his dependents, and creates a strong bond of sympathy between him and his employer. It goes further and reaches into the home. It removes dread of the future from the mind of the wife, and arouses her interest in the employer. It provides for her and for her children to an extent often undreamed of. Does any one doubt the intense interest of women in life insurance? The tremendous business of the industrial companies has been built up on this interest, for nearly all industrial policies are sold to women, paid for week by week for women, and are kept in force for the small amount of protection they have to offer to dependent women and children. With the group policy in effect, the worker and his family have a direct and personal interest in the employer that they never had before. The man stays on his job, and group insurance has accomplished its purpose. Such a result could not be brought about by the direct expenditure in any other way, of the same trifling amount of money that is expended upon each individual under the group plan. An increase in the pay check of one dollar a month could hardly be de-



pended upon to produce much in the way of appreciation. It would be more likely to arouse resentment. The same amount can not be used to purchase any other real benefit for a worker. But it will purchase a substantial amount of real life insurance, and used in this way, is an investment in good will which produces results out of all proportion to its cost. In a sense, there is no cost, for employers without exception have found that it pays for itself in greater efficiency, and increased loyalty, which have their effect on production.

Group insurance is not offered as a panacea for all industrial ills. It is a powerful aid in solving many of the pressing present day industrial problems, through the good feeling that it engenders, and the actual advantages that it confers. In large concerns, these advantages are constantly apparent. Deaths frequently are numerous, and it takes very little time for the information to spread that a beneficiary has received her check at the office, for, while the check is made payable directly to the beneficiary by the life insurance company, it is usually sent to the employer for delivery.

#### SOME EXPERIENCES WITH GROUP INSURANCE

Some years ago, when group insurance had first been introduced, and was all but unknown, brief mention of it in a newspaper attracted the attention of a foreman in a great manufacturing establishment, in which were employed many thousands of people. This foreman was a forceful and progressive individual, and at the head of a department that included about eight hundred hands, all under his direction. He had found that in his own department about three hundred changes were taking place annually, for which there were no apparent reasons. He had calculated that every change was costing his employer about twenty-four dollars. In a vague way, he had put forth some effort to ascertain why so many changes took place, but could give no apparent reason, other than the restlessness of the average employe. He knew that his department was not operated economically, and he was very anxious to make it both economical and efficient, but he was at a loss as to the steps that should be taken. He had placed the matter before his employer, and there it had remained, with every promise of remaining. As stated, this foreman's attention had been attracted to a brief newspaper notice about group insurance. The notice did not men-

tion the company that issued it, but gave the name of a concern that had adopted it. The foreman wrote for information, and eventually got into communication with the insurance company, giving his home address, and not revealing the name of his concern. For seven months he investigated group insurance. He asked for and received a list of the few concerns that had at that time taken it up, and wrote to them all. He interested his fellow foremen, and the superintendents, then the officers of the concern, and finally went to the office of the president, where, backed up by all his associates, he stated his case. The result was complete success, and the group insurance became effective. This group policy has now been in force for five years, and has produced results.

A manufacturer who had for some years been extending certain benefits to his employes, but in a desultory way and without any very definite object in view, had come to the conclusion that he was wasting his money. He had adopted a profit sharing plan, and once a year distributed a large sum of money to his workers. He had received no benefit in return. His men had become accustomed to the distribution, which took place at a stated time, and looked upon it simply as a deferred portion of their pay. He had opened an elaborate lunch room, which was maintained at considerable loss, and had found that the men would not patronize it although a first class luncheon was obtainable at an extremely low cost. He had organized clubs which were rarely attended, and had a baseball team which aroused interest of a kind that brought no return. He paid good wages, and as far as possible, tried to employ only steady, married men. He had a sincere interest in the well-being of his employes, and was anxious to improve their condition. He had gone to the extent of trying to become personally acquainted with every one of his employes, and explaining to him the advantages of taking his pay envelope home, unopened. In a dim way he recognized that the wife was a factor that had to be taken into account. With many he had succeeded. The great majority of his employes did take their pay envelopes home unopened. But nothing was accomplished. Changes in his factory were as numerous as in many others. An employment department that was overworked, was finally charged with the responsibility of learning the reason for its own existence; in other words it was ordered to ascertain from each departing employe, why

he was departing. The result was very unsatisfactory. The employer had finally decided that he was face to face with a problem that had no solution. Group insurance was brought to his attention, and attracted him immediately. He adopted it, being the first one in his line to do so. He advertised that he had adopted it. His employment department told of it, when the new employe was engaged. It was the solution of his difficulties, for after six months' experience he found that he had attracted many of the best workers in the trade.

The experiences of employers might be related without end, but in many instances would be of the same general character, varying only in detail. The following account gives the viewpoint of the employe. The concern was one of the most prominent in the country, having not only a national, but an international reputation. Its product was recognized as incomparably the best. In age, it was venerable, for this country, and its management and ownership were still vested in the family that had founded it. The employes, numbering perhaps fourteen hundred, had to a great extent, grown up with the concern, and included fathers, sons, grandsons, and greatgrandsons. There was nothing impersonal as to the relations between employer and employe. They were distinctly personal. One of the owners was the head of the manufacturing department. Another was the head of the office force. Most of the employes were known by their given names. The factories were in a somewhat isolated section, and many of the employes lived in a model town that had been established by the company, and to a great extent were owners of their own homes. A school, kindergarten, library and hospital were maintained by the company. Wages were the highest in the trade. Disability benefits were allowed in cases of ill health or accident. In good times or bad, employes were never discharged, unless for serious cause. It was a rare occurrence for an employe to leave voluntarily. Conditions probably could have been no better anywhere.

The employes of this concern, maintained at their own expense, a benevolent society, for the purpose of paying the funeral expenses of a deceased member. The assessments had steadily increased to a point where they were regarded as unbearable. Medical examinations, at their own expense, were then required from new members; still the assessments increased. The association, like many similar

associations found itself bankrupt. Its claims could not be paid for two years after they matured.

The head of this association, seeking some means of continuing the insurance of the members, learned of group insurance. He proposed that the association be taken over under the group plan. The matter was brought to the attention of the employer, with the suggestion that he adopt the group plan, as a gift to the employes, but he felt that this was inadvisable, in view of what he was already doing for them. Negotiations were continued with the association. The proposition as submitted to the men contained no provision for the continuance of the insurance on an individual basis by any one who severed his connection with the group. The eventual result was that the employes, in a mass meeting, voted not to accept the proposition, on the grounds that, as many of the men were impaired risks, and others beyond the insurable age, the group proposition, once accepted, would make it impossible for any of them to seek other employment, and would make a strike out of the question. This from the employes of a concern that had never known a strike. A resolution had been passed embodying the reasons for declining the group proposition and this resolution was submitted to the employer. The group policy was accepted by him, for double the amount that had been under consideration by the men themselves. The association was thereupon dissolved, and a vote of thanks was passed to the employer. Some months later the employer decided to pay a cash bonus, equal to one month's wages, to every employe in his establishment. Upon the announcement being made, a committee of employes was appointed to wait on him to ascertain if this meant the discontinuance of the insurance; and if so, to request that the bonus be not paid and the insurance continued. They were of course informed that the insurance was to be continued.

Group insurance was first put on the market in the early part of 1911. The company that originated it made little effort to push the business. Experience was lacking, and it was safer to feel the way cautiously. Restrictive laws placed a limit on the total amount of business that might be secured by a company in any one year, and the limit, which included the amount that might be written on the group plan, was to be easily obtained. The group business began to grow. Newspapers began to report concerns that had insured under the new plan. One employer would tell another. Letters

of inquiry began to reach the offices of the insurance companies, for other companies had begun to issue group insurance. Without any particular effort, the group plan had become widely known. Recognizing the advantages to the masses in group insurance, laws were enacted, providing that group insurance should no longer be considered as a part of the business that was included within the legal limit.

### POPULARITY OF GROUP INSURANCE

The experienced life insurance agent is not unaccustomed to opposition. In fact, he thrives on it, and if he fails to encounter it, he suffers from the lurking suspicion that he must be soliciting one who knows himself to be uninsurable. To his never ending wonderment, he encounters no opposition in soliciting group insurance. Only the employer is solicited, and his attitude unvaryingly has been one of open-mindedness and interrogation. Procrastination and delay are met with because of the desire to investigate and verify, but there is always the expressed willingness to act when finally convinced.

Group insurance has received a great deal of attention from the daily press, in the form of news items of concerns that have adopted it for their employes, but there has so far been very little editorial comment on the subject. Trade journals have discussed it at great length, usually at a time when some house connected with their trade had issued the announcement of its adoption. The following editorial is from one of the leading music trade journals, and appeared after such an announcement:

The decision of the distinguished house of Steinway to take out a large amount of insurance for its employes, is significant of the disposition of prominent employers to go beyond the actual paying of wages in an effort to promote the welfare, and also to do something to secure provision for the future, of their employes.

Such efforts have provoked from labor, and especially from labor leaders, the charge that this is an admission, on the part of employers, that they do not pay sufficient wages, and that it would be better for them to take the money which is paid out in the shape of insurance premiums, or for libraries or hospitals, or for sick funds for their employes, and pay it out in the shape of increased wages.

This argument is a poor one. Wages must always be more or less regulated by the market, and the competition of others engaged in the same line of business.

Where, however, a concern by long years of effort, the possession of superior manufacturing facilities and able business management, has won a high position in the industrial or commercial world, it is apt to enjoy a superior prosperity, and

when, out of that superior prosperity, it takes a certain percentage, and devotes it to improving the condition of its wage earners, it should at least, be credited with a desire to be more than just to those who have contributed to its prosperity.

The insurance taken out by the Steinways, we understand, covers about thirteen hundred employes, and means an aggregate protection of nearly two-thirds of a million. . . . The attitude of the house is shown by the fact that in each certificate appears a statement to the effect that the Board of Directors of Steinway & Sons has ordered that it is given in acknowledgement and appreciation of loyalty and continued service and coöperation that tend to the continued success of the business. . . . Incidentally we may say that we believe in the long record of years, there have been fewer labor disturbances in the Steinway factories than in almost any other industrial concern of equal age, distinction and prominence.

### THE PLAN EXPLAINED

The plan of group insurance is founded upon the "yearly renewable policy," with specially calculated premium rates, which are payable monthly, and which are based upon the attained age of each individual and increase annually. Policies issued on the yearly renewable plan to individuals have always proved disappointing, as the cost advances with advancing years, and the plan is really valuable for only temporary purposes when covering but a single life. But for group purposes, the opposite is the case, and it is the only plan that is adaptable to all the requirements of an all inclusive plan. Under the yearly renewable plan, the premium charged for each age provides only for the expected number of deaths and the operating expense for the ensuing year. This permits of an extremely low premium rate because a reserve fund is not maintained, not being required to level the cost, and there is no expense involved in the care of investments, there being practically no funds to invest. Medical examination fees are avoided, together with the great expense of elaborate individual policies. Commissions to agents are unusually low, and in many cases none have to be paid, as the business is frequently secured by the home offices directly. As but one premium is collected monthly on an entire group, the cost of collection is infinitesimal. The very economy of this arrangement makes it necessary to terminate the insurance of the individual in the group, upon the severance of his relations with his employer. It is manifestly impossible to deal with him upon an individual basis without enormously increasing the expense of doing business, and the group premium rate has not

been calculated with the possibility of having this additional expense charged upon it. Even if it were possible, an employer would be opposed to continuing in his group one who was no longer directly connected with it. This provision must not be understood to operate against any employe who is temporarily removed from the pay roll because of accident or ill health, or against one who is temporarily laid off for any reason, but who is expected to return to his work. Cases of this character are regarded merely as suspended employes whose insurance may be continued by the employer. Permanently disabled employes may also be continued in the group, and the amounts for which they are insured will be paid upon death. Moreover, the overhead expense of the group business is very low, requiring but a small office force to care for a very large business. This is due largely to the simplicity of the accounting, only changes in groups being considered, such as deaths, terminations, and the addition of new lives.

While the premium rate of the individual in the group will advance from year to year, experience has shown that the group premium, the amount paid month by month by the employer, and which is the total of the combined individual rates, will not advance for some years, but on the contrary will show a steady decline. This decline has been found, in participating plans, to be due to older employes dropping out and being replaced by younger lives on whom a smaller amount of insurance will depend, and through increased refunds or dividends made possible by lowered expense as the business expands. The decline in cost has been in many cases both in the cost per thousand and the cost per individual. It is possible of course with a small group, as in a bank, that there would be no changes during a policy year, and as a natural consequence at the end of the year, each individual in the group being one year older, the rate would advance slightly. In most cases it is fair to assume that the initial rate will be practically stationary, and without marked increase or decrease.

#### FORMS AND KINDS OF POLICIES

The group policy, of which but one is issued to a group, and which is retained by the employer, is a blanket form, usually without conditions other than the payment of the premium. It must be accompanied by either a register or card index, recording the names

of the individuals covered, the respective amounts for which they are insured, names of beneficiaries, amount of individual premium, and other necessary information. Where the card index is used, upon death or termination of service the appropriate card is removed from the index and the company notified. A new card is furnished upon the addition of a new life. Appropriate forms are supplied the employer for use when changes occur. While there is but one policy, individual certificates are issued to each employee in which are named the beneficiary, and the amount payable at death, the certificate also reciting the conditions under which it will remain effective. These conditions are that the employer shall continue to pay the required premiums, and that the employee shall remain in his service.

Some companies include in their group certificates what is known as a disability clause. It provides for the waiving of any further payment of premium by the employer on account of an employee who has become permanently and totally disabled; and for the payment to such totally disabled employee, beginning six months after the occurrence of the disability, of five per cent of the face amount of his certificate, the payments to continue for twenty years, or until prior death. At death it provides for the payment to the beneficiary of any difference existing between the amount called for in the certificate, and the amount already collected under the disability clause. This provision is of doubtful value. The payments under most group certificates would be pitifully small, too small to be of any real value, except in the sense that anything is better than nothing. And small as they may be, the payments are deducted from the death claim.

Group policies are issued under two general plans, known as the participating, and the non-participating. Under the participating plan, the group policy includes a table of premium rates that is not subject to revision. It provides for a cash refund to the employer at the end of each policy year, which refund represents the difference between the gross amount paid by the employer, and the actual amount it has cost the company to carry the risk. Group insurance, under the participating plan, is sold at actual cost, based upon the company's experience as a whole. Its experience with any one group is not considered. Terminations in and additions to the



group are taken into account at the end of each month, and new calculations of the premium due are made.

The non-participating plan, as its name implies, provides for no refunds. The premium rate is fixed, and is intended to be sufficiently large to cover all contingencies. Any margin remaining at the end of the policy year is retained by the company. The initial premium rates are somewhat lower than those of the participating companies, but they lack permanence. The non-participating policies provide that at the end of a term of years, if the company deems it necessary, the premium rates may be revised. This term may be anything from five to nineteen years, varying with the size and importance of the group.

Group insurance has now become so widespread that it would not be possible to give here a list of the concerns that have adopted it. To a great extent, such a list would be a repetition of the ordinary news of the day. It would include concerns engaged in almost every branch of human activity, banks and trust companies, manufacturing concerns, stock brokerage houses, department stores, insurance companies of all kinds, municipal departments, water, gas and electric light companies, and electric and steam railroads. The Union Pacific Railroad is the most prominent patron of group insurance, having only recently concluded the largest transaction in life insurance history, insuring thirty-five thousand employes, each to the extent of one year's salary, under a group policy calling for about \$30,000,000 of insurance. The Studebaker Corporation, Montgomery Ward & Company of Chicago, and the B. F. Goodrich Rubber Company, have also adopted it for groups numbering thousands of employes.

Statistics as to the actual number of group policies in force, the amount of insurance they represent, and the number of lives covered are not yet obtainable, but it is known that one company during 1916 issued more than \$40,000,000 of insurance under this plan, which is still far from widely known. That it will become generally adopted in the near future is evidenced by the advances already made, without advertising, practically without solicitation. It satisfies a demand that it itself creates, and responds to a great human requirement. It is the foundation upon which will arise a more complete understanding between employer and employe. And when employes are selected with care, and with regard

to their adaptability, and placed under foremen and superintendents who have some degree of knowledge of the psychology of managing and getting along smoothly with their men; when discharges are made only for cause, and after investigation, and then only with the approval of superior authority, the employer is likely to discover that many of his former difficulties have assumed much smaller proportions.